

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 606

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO INCOME TAXATION; AMENDING CHAPTER 30, TITLE 63, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 63-3029L, IDAHO CODE, TO DEFINE TERMS, TO PROVIDE FOR CERTIFICATION, TO PROVIDE THE AGRICULTURE VALUE ADDED INCOME TAX CREDIT, TO PROVIDE THE TAXABLE YEAR FOR THE AGRICULTURE VALUE ADDED INCOME TAX CREDIT, TO PROVIDE PROCEDURES, TO PROVIDE FOR INVESTMENT REPORTING FORMS, TO PROVIDE RULES AND TO PROVIDE APPLICATION; DECLARING AN EMERGENCY, PROVIDING RETROACTIVE APPLICATION AND PROVIDING A SUNSET CLAUSE.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Chapter 30, Title 63, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW SECTION, to be known and designated as Section 63-3029L, Idaho Code, and to read as follows:

63-3029L. AGRICULTURE VALUE ADDED INCOME TAX CREDIT. (1) As used in this chapter:

(a) "Agricultural commodity processing facility" means a facility that through processing involving the employment of knowledge and labor, adds value to an agricultural commodity raised in Idaho.

(b) "Director" means the director of the department of commerce.

(c) "Qualified business" means a company that:

(i) Is incorporated or organized in this state after December 31, 2011, for the primary purpose of processing and marketing agricultural commodities raised in this state;

(ii) Is in compliance with the requirements for filings with the director of the department of finance under the securities laws of this state;

(iii) Creates additional jobs and utilizes increased agricultural commodities; and

(iv) Has a majority of its ownership interests owned by producers of unprocessed agricultural commodities.

(d) "Taxpayer" is defined in section 63-3009, Idaho Code.

(2) The director shall certify whether a business that has requested to become a qualified business meets the requirements of subsection (1) (c) of this section. The director shall establish the necessary forms and procedures for certifying qualified businesses.

(3) If a taxpayer makes a qualified investment in a qualified business, the taxpayer is entitled to a credit against state income tax liability as determined pursuant to this chapter. The amount of the credit to which a taxpayer is entitled is thirty percent (30%) of the amount invested by the taxpayer in qualified businesses during the taxable year, subject to the following:

1 (a) The aggregate tax credit per business entity pursuant to this sec-
2 tion is not more than five hundred thousand dollars (\$500,000). This
3 subsection may not be interpreted to limit additional investment by a
4 taxpayer for which that taxpayer is not applying for a credit.

5 (b) In any taxable year, a taxpayer may claim no more than fifty per-
6 cent (50%) of the credit pursuant to this section that is attributable
7 to qualified investments in a single taxable year. The amount of the
8 credit allowed pursuant to this section for any taxable year may not ex-
9 ceed fifty percent (50%) of the taxpayer's tax liability as otherwise
10 determined pursuant to this chapter.

11 (c) Any amount of credit pursuant to this section not allowed because
12 of the limitations in this section may be carried forward for up to four-
13 teen (14) taxable years after the taxable year in which the investment
14 was made.

15 (d) A partnership that invests in a qualified business must be con-
16 sidered to be the taxpayer for purposes of the investment limitations
17 in this section and the amount of the credit allowed with respect to a
18 partnership's investment in a qualified business must be determined at
19 the partnership level. The amount of the total credit determined at the
20 partnership level must be allowed to the partners in proportion to their
21 respective interests in the partnership.

22 (e) The investment must be at risk in the business. A qualified in-
23 vestment must be in the form of a purchase of ownership interests or the
24 right to receive payment of dividends from the business. A qualified
25 business for which a credit is received pursuant to this section must be
26 held for at least three (3) years.

27 (f) The entire amount of an investment for which a credit is claimed
28 pursuant to this section must be expended by the qualified business for
29 plant, equipment, research and development for the qualified business.

30 (g) The tax commission may disallow any credit otherwise allowed pur-
31 suant to this section if any representation by a business in the appli-
32 cation for certification as a qualified business proves to be false or
33 if the taxpayer or qualified business fails to satisfy any conditions
34 pursuant to this section or any conditions consistent with this section
35 otherwise determined by the tax commission. The amount of any credit
36 disallowed by the tax commission that reduced the taxpayer's income tax
37 liability for any or all applicable tax years, plus penalty and interest
38 provided pursuant to this chapter, must be paid by the taxpayer.

39 (4) The tax credit pursuant to this section accrues to the taxpayer for
40 the taxable year in which full consideration for the investment in the quali-
41 fied business was received by the qualified business.

42 (5) To receive the tax credit provided by this section, a taxpayer must
43 claim the credit on the taxpayer's annual state income tax return in the man-
44 ner prescribed by the tax commission and file with the return a copy of the
45 form issued by the qualified business as to the taxpayer's investment in the
46 qualified business pursuant to this section.

47 (6) Within thirty (30) days after the date on which an investment in a
48 qualified business is purchased, the qualified business shall file with the
49 tax commission and the director and provide to the investor completed forms

1 prescribed by the tax commission which show, as to each investment in the
2 qualified business, the following:

3 (a) The name, address and identification number of the taxpayer who
4 made the investment;

5 (b) The dollar amount paid for the investment by the taxpayer; and

6 (c) The date on which full consideration was received by the qualified
7 business for the investment.

8 (7) The state tax commission may promulgate administrative rules in
9 compliance with chapter 52, title 67, Idaho Code, to implement the provi-
10 sions of this section.

11 SECTION 2. An emergency existing therefor, which emergency is hereby
12 declared to exist, this act shall be in full force and effect on and after
13 its passage and approval, and retroactively to January 1, 2012, and shall be
14 null, void and of no force and effect on and after December 31, 2017.